

**Connecticut State Board of Accountancy
February 7, 2006
Minutes**

Chairman Reynolds called the meeting to order at 8:33 A.M. in the second floor conference room, 30 Trinity Street, Hartford.

Present:

Thomas F. Reynolds, CPA, Chairman
Richard P. Bond
James Ciarcia
Philip J. DeCaprio Jr., CPA
Richard Gesseck, CPA
Berthann Jones
Leonard M. Romaniello, Jr., CPA
Richard Sturdevant
Michael Weinschel, CPA

Staff Members Present:

David L. Guay, Executive Director
Denise Diaz
Stephanie Sheff

Motion made by Philip DeCaprio to accept and approve the Minutes of the January 10, 2006 State Board of Accountancy meeting, seconded by Michael Weinschel, all voted in favor.

Motion made by Michael Weinschel to accept and approve the Minutes of the January 20, 2006 State Board of Accountancy meeting, seconded by Philip DeCaprio, all voted in favor.

In a review of Board operations Executive Director Guay briefed the Board on the operations of the Board.

Executive Director Guay discussed the upcoming IT cut over from the Secretary of the State's servers, and touched on future IT plans. The Executive Director noted the hiring of Rebecca Adams as the Board's new attorney. The Executive Director also reported on the renewal cycle, asking the Board's permission to send out a second renewal notice for 2006. The Board directed that the deadline for the second renewal be set for February 28, 2006. Executive Director Guay deferred to Chairman Reynolds to discuss the meeting with the Secretary of OPM.

Chairman Reynolds remarked that the Secretary of OPM indicated that the Board had made its case for the need of another clerical, and Chairman Reynolds further noted that the Board would have to wait until the Governor's Budget is proposed on Wednesday, February 8, 2006, to find out if another clerical staff member is included in the FY06/07 Budget.

Motion made by Leonard Romaniello and seconded by Richard Bond to approve the February 7, 2006 list of individual applications for CPA Certificate, Registrations and CPA Licenses, including the added application of Mr. Joseph Yospe, all voted in favor.

Motion made by Michael Weinshel, and seconded by Richard Sturdevant to approve the February 7, 2006 list of Firm Permit to Practice applications, all voted in favor.

The Board entertained a request by Nicole Ganem to extend her conditional credit for the CPA Exam. Berthann Jones made a motion to extend the conditional CPA Exam Credit for Nicole Ganem until December 31, 2005, Michael Weinshel seconded, all voted in favor.

Chairman Reynolds noted the list of PCAOB reports received by the Board continues to grow. Discussion held on the reports. Chairman Reynolds concluded by urging members to continue to read the reports. James Ciarcia noted that the NASBA Regulatory Committee, which he is a member of, would be taking up the issue of PCAOB reports and producing a model response for Board's of Accountancy.

No Enforcement Actions were taken at the meeting.

The Board noted the review and receipt of affidavits detailing the actions taken as a result of Peer Review by the following firms:

Jay Small, CPA
Mary Elizabeth Raimondi, CPA
Martin A. Adamo, CPA, P.C.

Chairman Reynolds recognized and welcomed the leadership of the Connecticut Society of CPA's for the purpose of their presentation to propose a change in the education requirement for Certification. Alan Clavette, President-Elect of the Society made the presentation.

The Connecticut Society of CPA's advocates allowing candidates to sit for the CPA Exam after earning 120 credit hours of college education while keeping the requirement of a total of 150 credit hours to be certified.

The Connecticut Society offered the following position statement to the Board along with their oral argument.



Position Statement of the
Connecticut Society of Certified Public Accountants on

**Modification of the Education Requirement
to Sit for the Uniform CPA Examination**

Executive Summary:

The number of candidates sitting for the Uniform Certified Public Accountant Examination has dropped in Connecticut by 54 percent during the past ten years. This statistical trend threatens the viability of the CPA profession and, by extension, its ability to protect the public interest.

We believe the statutory change effected five years ago requiring candidates to complete 150 hours of college credit to qualify to sit for the Exam became a de facto catalyst within the public accounting environment, precipitating the decline in the number of CPA Exam Candidates.

Accordingly, the Connecticut Society of Certified Public Accountants (CSCPA) strongly advocates allowing candidates to once again sit for the CPA Exam after earning 120 credit hours of college education while retaining the requirement of a total of 150 credit hours (and all other statutory requirements) to ultimately be certified and licensed as a Certified Public Accountant by the State of Connecticut.

The CSCPA is advocating this modification because we believe the resultant change would provide candidates with the best possible timing in which to address this significant component of certification – that juncture at which they have acquired the requisite body of knowledge to sit for the Exam, but not yet become immersed in the demands of a career in public accounting.

As we propose in this document, affording candidates the flexibility of timing to best prepare and sit for the CPA Exam will enhance the likelihood that they actually do. It is time to be proactive if we are to stem and, in fact, reverse the 10-year trend of a significant and steady decline in the number of Connecticut CPA Examination candidates. Yet we propose to do this without lessening any of the standards for eventual certification and licensing. Allowing candidates to sit for the Uniform CPA Examination upon attaining a baccalaureate degree is a positive step toward increasing the number of potential CPAs in Connecticut.

Some history...

The 150-credit hour requirement became effective in Connecticut on January 1, 2000. In the 2000 Connecticut General Assembly, the CSCPA proposed amending the statutes to allow candidates to continue to sit for the CPA Exam with 120 credit hours while maintaining the 150-hour requirement for certification and licensing. This concept had been effected on a temporary basis in New Jersey as a result of cooperation between that state's CPA society and state board of accountancy, and the New Jersey legislature subsequently made the change permanent in 2005.

In related activity, Iowa and North Carolina passed legislation requiring 150 credit hours for certification and licensing, but allowing candidates to sit for the CPA Exam upon completing 120 hours. Colorado had passed and later rescinded a 150-credit-hour requirement, ultimately retaining a 120-credit-hour requirement to sit for the Exam and for certification and licensing.

When the Connecticut Society of CPAs proposed the change in 2000, three of the 13 schools recognized by the State Board of Accountancy opposed the change, as did the State Board itself. The Exam requirement remained at 150 hours.

In 2003, the CSCPA once again approached the State Board seeking the 120-hour modification. At that point, two schools (down from three) opposed the change, citing insufficient empirical evidence of a problem. In their opposition, these schools emphasized their position that not enough time had passed to

merit initiative for change. The State Board also did not support the proposed modification. In light of the State Board's position, the CSCPA elected not to pursue legislative relief.

Where we are today...

In 2006, however, the CSCPA emphatically believes that the numbers speak for themselves.

Statistics compiled by the Connecticut State Board of Accountancy clearly show that the number of candidates sitting for the Uniform Certified Public Accountant Examination has dropped in Connecticut by 54 percent over the past ten years (**see attached Table A: "Uniform CPA Examination Candidates by Year"**).

This statistical reality threatens the viability of the CPA profession and, by extension, its ability to fulfill its charge of providing independent attestation in protecting the public interest. The decline is likely due to a variety of inter-related reasons:

- a drop-off of student interest in accounting careers during the 1990's;
- an increase in demand for CPA firm services in large part due to the federal Sarbanes-Oxley Act of 2002;
- the computerization of the Uniform CPA Examination, resulting in a loss of the sense of "immediacy" to sit; and
- a change in Connecticut's (and many other states') public accounting statutes requiring CPA Exam candidates to possess 150 college-level credit hours (a baccalaureate degree plus 30 additional unspecified credit hours) to sit for the Exam.

Although the number of Connecticut accounting majors has increased in the new decade...
they are not going on to sit for the Uniform CPA Examination.

The decline in the number of candidates sitting for the CPA Exam in Connecticut is substantiated by the sale of the AICPA Ethics Examination (the so-called "Fourth E") in Connecticut since the year 2000; these exams are purchased by individuals who have successfully completed the Uniform CPA Examination to fulfill the related ethics requirement for certification:

<u>Year</u>	<u>Exams Sold</u>
2000	249
2001	203
2002	183
2003	174
2004	139
2005	51

The move to 120 credit hours to sit for the Uniform CPA Examination would in no way change the stringent requirements for certification and licensing as a CPA by the State of Connecticut.

Those requirements would remain as:

- completion of a five-year post-secondary education (a bachelor's degree with specific credits prescribed by the State Board of Accountancy, plus an additional 30 unspecified credit hours) at a college or university recognized by the State Board of Accountancy,
- successful completion of the Uniform Certified Public Accountant Examination,
- two years of public accounting experience (with at least six months of attestation work), and
- the completion of a professional ethics examination.

These are the requirements today; these are the requirements that would remain in place should the candidates be allowed to sit for the Exam after 120 hours.

The proposed change is an issue of TIMING – nothing more, nothing less.

Quite simply, candidates would be allowed to sit for the Uniform CPA Examination upon completion of the required accounting curriculum as specified by the State Board of Accountancy in the context of a baccalaureate degree.

The candidates would take the Exam when the broad body of accounting knowledge upon which they will be measured is fresh – not a year (or more) later, after they have completed an additional year of course work that may very well not include any additional accounting coursework.

The knowledge needed to successfully complete the Uniform CPA Examination is that provided in the classroom.

As candidates are faced with taking the Exam after longer periods away from their core accounting curricula, their task is made more difficult.

The fifth year of education (additional 30 hours) was intentionally left unspecified as to subject matter.

Citing a decline in the communication skills and other non-technical abilities of entry-level accountants, it was the CPA profession's stated objective that students fulfill the requirement of an additional 30 hours beyond the 120-hour baccalaureate degree by completing non-accounting courses such as writing, public speaking, communications and the humanities.

The profession believed that by encouraging fifth-year students to pursue non-accounting coursework, these graduates would enter the workforce as more well-rounded individuals and thus "better employees, and better accountants."

Allowing candidates to sit "sooner rather than later" is our best approach to encouraging qualified individuals to pursue the CPA designation, and not just a degree in accounting.

Many students enter the workforce upon obtaining their 120-hour baccalaureate degree ... and opt to complete the fifth year as part-time students, full-time accountants.

However, as these new hires travel this career path, they immediately encounter the considerable pressure of the public accounting workload. Students entering the public accounting workforce (where such experience is required for eventual certification) encounter the demands created by the Sarbanes-Oxley Act of 2002 (and, in particular, Section 404 work). Sarbanes-Oxley created a tremendous increase in compliance requirements, and, by extension, demand for CPA services. As a result, many public accounting firms' emphasis is understandably on meeting clients' reporting requirements rather than providing enough time for employees to prepare for – and take – the CPA Exam.

Financing the fifth year of education – again, to qualify to sit for the CPA Exam – may be as daunting to a would-be CPA Exam candidate as finding the time to complete the additional 30 hours to sit. Many junior staff make a decision whether to stay in public accounting upon attaining three years of experience in that arena. Those who have not sat for the CPA Exam by that time may elect to take employment in an area other than public accounting, thus further decreasing the likelihood that they would pursue certification...in turn further decreasing the pool of public accounting talent.

The situation is exacerbated by the 2004 computerization of the CPA Exam. Previously, the Exam was only offered twice per year, and firms were more apt to accommodate employees in the significant preparation required to adequately prepare. The twice-per-year scenario heretofore fostered a widespread corporate culture in which firms scheduled client work around the May and November sittings to allow employees not only to *sit* for the Exam, but, just as importantly, to *prepare* for the notoriously rigorous Exam. Now that the Exam can be taken anytime during two out of every three months, the immediacy and focus of the Exam as a singular “event” has been effectively all but eliminated.

Prior to the computerization of the Exam in 2004, it was only offered twice per year, and firms were understandable focused on having employees maximize their preparation. Today, the CPA Exam can be taken “on-demand” – and firms are frequently opting to postpone that demand on behalf of their employees in deference to client obligations.

As fewer individuals sit for the Exam, we will have fewer CPAs in Connecticut. Consequently, smaller firms will be unable to recruit and retain future owners, resulting in further consolidation of the profession.

The so-called “Big Eight” national accounting firms have already contracted to the “Big Four.” Smaller public accounting firms in Connecticut are already faced with the erosion of qualified employees to purchase the firms from their retiring owners, and numerous small and mid-sized Connecticut firms have already “merged” with larger counterparts as a “solution” to the issue of succession of firm ownership.

The public is best served by competition in the marketplace, not consolidation.

The vast majority of staff beginning their professional careers with the large national accounting firms eventually leave for other employment.

If existing statistical trends continue, increasing numbers will leave without the CPA certificate and, therefore, may be less likely to stay in public accounting where certification is far more important than in other possible CPA career paths.

Further delay will only exacerbate the problem.

Fewer people chose accounting as a career path in the late 1990s. Now with the declining number of Exam candidates in the last five years, we are looking at a prolonged decline of CPAs of almost an entire decade. Further delay can result in almost a generational “skip” in the proverbial talent pipeline. This will be devastating to CPA firm practitioners seeking to retire during the next 10 to 20 years.

The vast majority of CPAs practicing in Connecticut today sat for the Uniform CPA Examination with a four-year (120 credit hour) baccalaureate degree.

These CPAs have met and continue to uphold the professional and ethical standards required to provide the public with the highest levels of service and integrity. Nevertheless, today’s CPA Exam candidates will still be required to complete the additional 30 credit hours of education for certification and licensing should the requirement to sit for the Exam be modified to 120.

The Uniform CPA Examination is just that – UNIFORM.

It is the same exam as offered in the 55 states and jurisdictions. It is the same Exam regardless of how much education a candidate has completed, or where a candidate sits for the Exam. The body of knowledge required to successfully complete the Uniform CPA Examination is unaffected by when the candidate sits.

Potential for Specific Curriculum Requirements Modification

The CSCPA acknowledges that allowing candidates to sit for the Uniform CPA Examination at 120 credit hours may necessitate an adjustment of the Regulations (not Statutes) for specific curriculum hours. In consideration of this factor, the Society would welcome the opportunity to assist the State Board of Accountancy should such adjustment be deemed prudent.

For further information or to discuss this proposal, please contact:

Arthur J. Renner, CPA, CSCPA Executive Director
860-258-4800, Ext. 214 artr@cs-cpa.org

Patricia M. Poli, CPA, Ph.D., CSCPA President
203-254-4000, Ext. 2882 ppoli@mail.fairfield.edu

**TABLE A:
Uniform CPA Examination Candidates by Year**

(for the Uniform CPA Examination as offered in Connecticut;
source, Connecticut State Board of Accountancy)

Exam	No. of Candidates	Year's total	% of 1995 (base year) Pending
Jul-Aug 2005	Pending	Pending	
Apr-May 2005	226	419	
Jan-Feb 2005	193		
Oct-Nov 2004	297	693	46.6
Jul-Aug 2004	242		
Apr-May 2004	154		
Nov-03	405	741	49.8
May-03	336		
Nov-02	419	746	50.2
May-02	327		
Nov-01	445	771	51.8
May-01	326		
Nov-00	526	1039	69.9
May-00	513		
Nov-99	1129	1769	119
May-99	640		
Nov-98	816	1345	90.5
May-98	529		
Nov-97	726	1267	85.2
May-97	541		
Nov-96	731	1298	87.3
May-96	567		
Nov-95	833	1487	100
May-95	654		

The Board also heard from Professor Andrew J. Rosman, Ph.D., CPA, Director of the University of Connecticut School of Business Administration Master of Science and Internship Programs in Accounting, presenting a contrary view, arguing for the requirement to remain as it is. Professor Rosman presented the following letter to the Board.

January 27, 2006

Mr. Thomas Reynolds
Chairman, Connecticut State Board of Accountancy
30 Trinity Street
PO Box 150470
Hartford, CT 06115-0470

Dear Mr. Reynolds:

The purpose of this letter is to respond to the *Position Statement of the Connecticut Society of Certified Public Accountants on Modification of the Education Requirement to Sit for the Uniform CPA Examination*. At the outset, I would like to express my appreciation to the CSCPA for bringing the issue of declining CPA candidacy to the forefront. It is clearly an important public interest issue that concerns all of the State Board's constituents. Yet, consistent with my responses to the past two position papers presented by the CSCPA, I respectfully disagree with the conclusion that the 150-hour education requirement is to blame.

To support my position, this letter provides the State Board with evidence from three national studies that categorically conclude that there is no relationship between the decline in candidates and the 150-hour education requirement. With that fact established, I follow by presenting three recommendations to help address the decline in candidacy.

Two positions taken in the CSCPA Statement will be addressed in this letter. First, in contrast to the CSCPA's position, 150-hours of education are important for preparing candidates to pass the CPA exam. For example, the knowledge and skills acquired in the Master of Science in Accounting degree at UConn are tested on the computer-based testing (CBT) version of the CPA exam in content areas (e.g., taxation of business entities) and in processes (e.g., data finds and simulations). To varying degrees, the same can be said for curricula at other universities. And, because the UConn program is online, candidates become familiar with working in electronic environments similar to that offered by the CBT. Thus, students would be at a disadvantage if they were to take the CPA exam after only 120 hours.

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The second position expressed by the CSCPA, that the 150-hour program is to blame for

the decline in CPA candidacy, is the focus of the rest of this letter. The Position Statement

states “that the numbers speak for themselves,” meaning that the observed decline in candidacy is related to the 150-hour education requirement. Yet, this claim is belied by Table A of the CSCPA’s Position Statement. The data show that the decline relative to the

base year of 1995 started in 1996, which is four years before the 150-hour requirement went into effect. In short, while it might be convenient to link the decline in candidacy to 150 hours, the facts do not support such a conclusion.

While I could stop at this point, I believe it is important to put the issue into context by going beyond Connecticut to show the same issue has been debated and put to rest across the country. To do this, I will summarize three national studies that find there is no link between declining candidacy and 150 hours. This will be followed by data from discussions with our graduates. Combined, the presentation of independently collected data

across three national studies supported by anecdotal evidence from graduates lead to me to

suggest that we move on to address the true underlying causes of declining numbers. To do

that, I present three issues that the State Board, CSCPA, and academics can jointly address

to reverse the decline in exam candidacy.

Three National Studies and Discussions with Students: No Link

The first study was commissioned by the AICPA and was conducted by The Taylor Research & Consulting Group.¹ One of its objectives was to identify the factors that have led to a decline in the number of accounting majors and CPAs. Using phone interviews and

focus groups in four states including Connecticut, the report concludes that potential candidates for the CPA exam believe that the requirements to become a CPA are fair and that the 150-hour requirement is not a “barrier” (p. 87) to entry to the profession.

The second report issued jointly by the AICPA, Thomson/Prometric, and NASBA² states that it was clear to each of these organizations that the electronic exam, which began in April 2004, would be responsible for a decline in the number of candidates. The projected decline occurred. To understand the impact of the electronic exam format on candidates, the sponsoring organizations collected data using telephone interviews and surveys. Six primary conclusions were reached that addressed issues ranging from the value of the CPA

credential to the reasons for the decline in candidacy. To the issue at hand, it is important to note that the 150-hour education requirement was not a reason for the decline in candidacy. However, three reasons for the decline were identified: (1) work and family commitments, (2) procrastination/decreased sense of urgency without two specific times per year to take the CPA exam, and (3) employers are not pressuring candidates to take the

exam. I will discuss these issues further in the next part of this letter.

¹ The Taylor Research & Consulting Group, Inc., “Student and Academic Research Study,” http://ftp.aicpa.org/public/download/members/div/career/edu/Taylor_Report.pdf. 2000.

² AICPA, Thomson/Prometric, NASBA. *CBT Volume Task Force Report to the State Boards of Accountancy*.
June 28, 2005. (<http://www.cpa-exam.org/download/volumetaskforcerept605.pdf>).

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Finally, Schroeder and Franz³ examined patterns in data across the country in first-time candidates sitting for the CPA exam. The authors conclude that the 150-hour requirement is not a factor in declining candidacy. In fact, they observe that (pp. 65-66):

“. . . each state that implemented a 150-to-sit requirement has experienced a remarkably similar pattern of year-by-year change in number of first-time CPA exam candidates. . . . Although the adoption of a 150-to-sit requirement clearly affects the number of candidates in the years immediately surrounding the change in law, once the short-term effects have passed, actual first-time candidate numbers recover to what would have been expected based on long-term no-150-hour-effect trend.”

It is clear from the three studies that the 150-hour requirement did not cause the decline in

CPA exam candidates documented by the CSCPA. In fact, put into context, the pattern in Connecticut was expected, is similar to the experience in other states, and is reflected in statistics at UConn. Consistent with the study by Schroeder and Franz (2004) and the CBT

Volume Report (2005), UConn experienced a decline in accounting majors at two points: just prior to the 150-hour requirement in 2000 and in 2004 as the online exam was introduced. Yet, our enrollments have bounced back to the point where we are at all-time highs in capacity for both our undergraduate and graduate programs. Such rebounds are reflected nationwide. As Edmonds (2005) observes, “after years of dismal statistics showing more students rejecting a career in accounting, the tide has turned. Accounting is now the number one major on college campuses.”⁴

So, the issue is not one of attracting enough people to the major. They are here. It is not

one of having a fifth year of education since the fifth year would only impact the number of exam candidates in the year of the switch from 120 hours to 150. Rather, the

issue is how to get eligible candidates to take the CPA exam.

At the November 2005 meeting of our MS in Accounting Alumni Advisory Boards we asked about the decline in CPA exam candidacy. The three reasons for declining candidacy

noted in the CBT Volume Report (2005) were identified by our Advisory Board as barriers

they faced, and they added three additional impediments. First, the administration of the CPA exam at Prometric test centers often results in cancelled or failed exam attempts.

We

learned from our Alumni Advisory Board members that candidates have been sent home because the exam could not be administered on scheduled dates, which meant that they had

to be rescheduled. Rescheduling is complicated by work schedules to which they have already been committed. Many similar cases of administrative impediments to taking

³ Schroeder, N. W., and D. R. Franz, “Explaining the Decline in CPA Candidates: Is the 150-Hour Requirement a Factor?” *The CPA Journal* (October 2004), pp. 62-66.

⁴ Edmonds, Jill. 2005. “The CPA Exam in the Digital Age.” (<http://accounting.smartpros.com/x50085.xml>).

⁵ The Advisory Board consists of 25 recent graduates of our Master of Science Program, all but two of whom

work in public accounting.

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scheduled exams exist in Alaska, California, Illinois, Maryland, and Mississippi.⁶ Others might exist as well, but were not documented on State Board web sites.⁷

Aside from problems at test centers, our Alumni Board members have said a second significant impediment to taking the CPA exam involves the months during which candidates can take the exam. They indicated that two of the slower months of the year for

work, and thus the most desirable from their standpoint in which to take the exam, December and June, are months that are not available to take the exam.

Finally, our Alumni Advisory Board members indicated that their employers do not actively encourage them to prepare for and take the exam. I use the word “encourage” since it suggests a more positive environment than the way the issue is most often framed (e.g., the third issue identified earlier in the CBT Volume Report), which is that not obtaining the CPA license is a reason to deny promotion. This reframing is important because it promotes an agenda of investing in the employee both in terms of education (150-hours) and certification as a way to benefit the employee, employer, and ultimately the public by having an adequate number of well-trained CPAs in practice.

While I strongly believe that individuals are responsible for their own action (or inaction),

the ability to take and pass the exam is affected by the ability of the candidate to prepare for and schedule time to take the exam. According to CSCPA (Position Statement, p. 4), employers do not create an environment in which they articulate and demonstrate through their actions that investing in the individual (education and passing the exam) is important.

Instead, employers emphasize

“meeting clients’ reporting requirements rather than providing enough time for employees to prepare for – and take – the CPA Exam.”

While this position is consistent with one perspective of how to run a business, it creates an environment that leads not only to a decline in CPA candidacy but to higher turnover.

As described in an article that was linked to the CSCPA’s Winter 2006 *Connecticut Accounting Educator E-Bulletin*,

⁶ For example, per the minutes of the Maryland State Board of Accountancy dated December 2, 2004: “candidates are experiencing problems with Prometric test centers in that they are being told that their examination appointment is being cancelled as they report to the test center” (<http://www.dllr.state.md.us/license/min/cpa-dec2004.doc>).

⁷ The poor record of administering the CBT by the AICPA and Prometric is so severe that the California and

Texas State Boards of Accountancy have requested that NASBA seek alternative vendors to develop and

administer the CPA exam (see letter dated June 6, 2005 from the California Board of Accountancy to Mr. David Costello, NASBA President and CEO, and the California Board of Accountancy Minutes of the September 15-16, 2005 Board Meeting). The New York State Board for Public Accountancy also supports the California request to seek alternative vendors (letter from Executive Director Daniel Dustin to NASBA dated October 3, 2005) as do other state boards. The volume of complaints documented in so many jurisdictions (New York, Illinois, and Texas alone account for 40% of the exam candidates) calls into question claims made by NASBA and the AICPA that the CBT has been a success, which is a whole other issue. (Note: The source for this footnote is correspondence with the California Board of Accountancy).

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“the most important factor preventing candidates from taking the exam is lack of time. And despite employers reporting that they provide support and encouragement to their employees who plan to take the exam, the employees *do* feel differently – they believe they are not given enough time to prepare and they don’t feel a particular sense of urgency about taking it.”⁸

Despite all of the evidence to the contrary, the CSCPA views the decline in CPA exam candidacy as something that can be corrected if candidates could take the CPA exam at the end of 120 hours. Yet, from the evidence provided in this letter, it is clear that the impediment is a work environment issue that is unrelated to the 150 hours of education. Besides the evidence I have documented, consider two additional issues. First, even if students had the proper education at the end of 120 hours and could schedule the exam before starting employment, only a small percentage pass all four parts on the first round. Therefore, unless employers are willing to wait for new hires to pass all four parts of the exam before they start work, preparing for taking the CPA exam while working is an unavoidable reality. Second, if employers are reluctant to provide employees with enough time to prepare and take the CPA exam, as stated in the CSCPA Position Statement, then they would likely be reluctant to let students have the time to take classes to meet the 150-hour education requirement after they pass the exam. If classes are taken, it certainly wouldn’t be at the accelerated rate that it is now (e.g., completing the degree between nine and 16 months). Put differently, removing the CPA exam as the target that culminates the 150-hour education process is likely to result in employees who would not be given the time to complete the additional education in a timely manner if at all. The result would still be fewer CPAs, not because they didn’t take and pass the exam, but because work commitments prevented them from completing the additional 30 hours of education that the CSCPA concedes should be a part of certification. The bottom line is that no one, from employers to their employees to the general public, benefits in this scenario.

Proactive Directions to Consider

I draw two conclusions from the data in the previous section. First, 150 hours is not to blame for declining CPA exam candidacy. Second, blaming 150 hours for declining candidacy is not productive because it is a distraction. There are other real causes that

should be addressed in order to reach a productive outcome. Therefore, I suggest three steps that the State Board, CSCP, and the academic community can take immediately to increase the number of candidates sitting for the CPA exam in Connecticut.

1. Eliminate test center problems by working with the AICPA, NASBA and Prometrics to find remedies or with other State Boards (e.g., California, New York) to seek a different vendor to administer the exam.
2. Work with the AICPA and NASBA to allow candidates to take the exam in December and June when their schedules permit adequate preparation and scheduling.

8 Edmonds, Jill. 2005. "The CPA Exam in the Digital Age." (<http://accounting.smartpros.com/x50085.xml>).

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3. Work with employers to encourage candidates to invest in themselves by getting the most out of their education (i.e., stop viewing 150 hours as an impediment and instead view it as an opportunity) and passing the CPA exam in a timely manner. As explained by UConn MSA Alumni Advisory Board members and as documented by Edmonds (2005), employers do not do enough to encourage employees to pass the CPA exam. Thus, many candidates already envision leaving public accounting because they have to put off the exam so long that they are no longer prepared and motivated to take it, and see no reason to obtain the CPA designation because they will no longer be in public accounting.

I encourage us to recognize the real problems underlying the decline in CPA exam candidacy so that we can successfully address them. The truly disconcerting issue for employers, academics, and the State Board to collectively address is that our best students

are becoming so discouraged that they have put off taking the exam and are likely to leave

public accounting. The resulting shortage of CPAs is imminent and will make it harder to service clients and to protect the public interest.

In closing, I ask us all to consider where we will be two or three years from now if we continue to view the 150-hour education requirement as unnecessary for the CPA exam and an impediment to CPA exam candidacy. Instead, we should take action today on the three recommendations presented above to create an environment in which CPA exam candidacy grows and turnover declines.

Sincerely,

Andrew J. Rosman

After the presentations by Mr. Clavette and Prof. Rosman and after discussion and questions by Board members and answers by the presenters and others in attendance James Ciarcia made the following motion, seconded by Leonard Romaniello.

To respond to a request to review the education requirements to sit for the CPA Exam in Connecticut, the Connecticut State Board of Accountancy goes on record, opposed to any changes in the requirement for CPA Licensure, but supports the proposed change that the minimum credit hours of education to sit for the CPA Exam be reduced from 150

credit hours to 120 credit hours with Bachelors Degree and 24 credit hours of accounting credits.

After no further comments, Chairman Reynolds called for a vote by a show of hands.

Voting Yes

Thomas F. Reynolds, CPA, Chairman
James Ciarcia
Philip J. DeCaprio Jr., CPA
Berthann Jones
Leonard M. Romaniello, Jr., CPA
Richard Sturdevant
Michael Weinshel, CPA

Voting No

Richard Bond
Richard Gesseck, CPA

No abstentions.

In response to the concern raised by Leonard Romaniello at the January 10, 2006 Board meeting Executive Director Guay briefly discussed implementation of the continuing professional education ethics requirements. Executive Director Guay suggested that the requirement be mandatory for reinstatement of the CPA License and on a self-declared basis for active CPA License holders. By consensus the Board agreed to continue discussion at the next Board meeting.

Under public comment Arthur Renner, Executive Director of the Connecticut Society of CPA's thanked the Board for supporting the Society's proposal and informed the Board of their upcoming annual meeting on May 8, 2006 at which they are planning a program to assist the Board in awarding CPA Certificates.

A brief discussion was held by the Board on the production and delivery problems of the CPA Certificate for Priscilla A. Williams. Board members noted the receipt of her letter of complaint, and Chairman Reynolds explained that he had called Ms. Williams upon receipt of his letter and planned on delivering her corrected Certificate at the conclusion of the meeting.

Under public comment Arthur Renner, Executive Director of the Connecticut Society of CPA's informed the Board of their upcoming annual meeting on May 8, 2006 at which they are planning a program to assist the Board in awarding CPA Certificates.

Mr. Renner also requested a letter from the Board confirming the Board's position on Raised Bill 65 and confirming the vote taken by the Board at this meeting. Executive Director Guay agreed to provide the letter.

Executive Director Guay

A motion to adjourn the meeting was moved by Leonard Romaniello and seconded by James Ciarcia, all voted in favor. The meeting was adjourned at 11:40 A. M.